

IONIA AREA SEWAGE DISPOSAL SYSTEM

Ionia, Michigan

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008



Vredeveld Haefner LLC

IONIA AREA SEWAGE DISPOSAL SYSTEM

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Vredeveld Haefner LLC

CPA's and Consultants
4001 Granada Ct.
Grand Rapids, MI 49534
FAX (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474

Peter S. Haefner, CPA
(616) 460-9388

INDEPENDENT AUDITORS' REPORT

October 20, 2008

Ionia Area Sewage Disposal System
Ionia, Michigan

We have audited the accompanying financial statements of the Ionia Area Sewage Disposal System (the System), Ionia County, Michigan, as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the management of the System. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the System, as of June 30, 2007, were audited by other auditors who expressed an unqualified opinion on those financial statements in their report dated November 16, 2007.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ionia Area Sewage Disposal System as of June 30, 2008, and the changes in its financial position and its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3-5 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Vredeveld Haefner LLC

Management's Discussion and Analysis

As management of the Ionia Area Sewage Disposal System (the System), we offer readers of the System's financial statements this narrative overview and analysis of the financial activities of the System for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

The Ionia Area Sewage Disposal System is a joint venture established to construct and maintain a sewage treatment plant and system infrastructure to be utilized by the participating municipalities. Participating municipalities include Berlin, Easton, Ionia and Orange Townships, and the City of Ionia.

Financial Highlights

System finances remained steady during the year ended June 30, 2008. No new debt was issued by the System while necessary capital improvements were completed on schedule and within budget. Existing debt on the wastewater treatment plant is scheduled to be retired by December 31, 2010 with no new debt proposed.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the System's financial statements. The System's basic financial statements consist of a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets and a Statement of Cash Flows and are accompanied by notes to the financial statements. The statements of the System are presented similar to an enterprise fund of a governmental entity using the full accrual basis of accounting.

The *statement of net assets* presents information on all of the System's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the System is improving or deteriorating.

The *statement of revenues, expenses and changes in net assets* presents information showing how the System's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs.

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the System, assets exceeded liabilities by \$8,400,915 at the close of the most recent fiscal year.

The most significant portion of the System's net assets reflects investment in capital assets (e.g., land, and infrastructure), less any related debt used to acquire those assets that is still outstanding plus any unspent proceeds from the debt. The System uses these capital assets to provide services to joint venture participants; consequently, these assets are *not* available for future spending. Although the System investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table represents condensed information about the System's financial position for the past two (2) fiscal years.

	<u>2008</u>	<u>2007</u>
Assets		
Current and other assets	\$1,383,582	\$1,218,941
Capital assets	10,295,809	10,583,120
Total assets	<u>11,679,391</u>	<u>11,802,061</u>
Liabilities		
Current liabilities	771,850	666,578
Long-term liabilities	2,506,626	2,946,293
Total liabilities	<u>3,278,476</u>	<u>3,612,871</u>
Net assets		
Invested in capital assets, net of related debt	7,410,559	7,267,120
Restricted	-	58,956
Unrestricted	990,356	863,114
Total net assets	<u>\$ 8,400,915</u>	<u>\$ 8,189,190</u>

Net assets of the System increased by \$211,725. The increase in net assets is primarily the result of the timing difference between when joint venture participants provide funding for debt service on capital construction bonds and when depreciation is recorded on the capital assets funded by these bonds. During the year the System expended \$747,954 or 46% of its total expenses for operations and maintenance of the system and \$358,336 for depreciation on system infrastructure. The remaining \$507,757 of total expenses was for administration, interest and other bond costs. A summary of operating and non-operating revenues and expenses for the past two (2) fiscal years is presented below.

	<u>2008</u>	<u>2007</u>
Revenue		
Operating revenue	\$1,233,053	\$1,187,666
Nonoperating revenue	592,719	479,348
Total revenue	<u>1,825,772</u>	<u>1,667,014</u>
Expenses		
Operating	1,456,088	1,395,512
Nonoperating	157,959	163,413
Total expenses	<u>1,614,047</u>	<u>1,558,925</u>
Change in net assets	211,725	108,089
Net assets-beginning of year	<u>8,189,190</u>	<u>8,081,101</u>
Net assets end of year	<u>\$8,400,915</u>	<u>\$8,189,190</u>

Capital Asset and Debt Administration

Capital assets.

The System's investment in capital assets as of June 30, 2008, amounted to \$10,295,809 (net of accumulated depreciation).

Significant capital asset additions during the year include the purchase of a replacement generator for the southside pump station.

Additional information on the System's capital assets can be found in Note 3 of this report.

Debt.

At the end of the current fiscal year, the System had bonded debt outstanding of \$2,885,250. No new debt was issued and all scheduled payments totaling \$430,750 were made.

Additional information on the System's long-term debt can be found in Note 4 of this report.

Economic Factors and Future Projections

Under the current structure of the System, the Ionia County Board of Public Works (BPW) owns the System. When the bonds issued to finance the initial construction of the System are paid off in 2010, the BPW will no longer own the System. The members of the joint venture are currently considering available options for ownership of the System as well as possible expansion. The members anticipate having a plan in place prior to the final pay-off of the bonds in 2010.

Amounts due from other governmental units include \$764,976 due from the City of Ionia Local Development Finance Authority (LDFA) for the construction of the Orchard View Industrial Park. The LDFA is a component unit of the City of Ionia. Since borrowing the funds, the LDFA has only captured sufficient amounts of property taxes to pay a portion of the interest on the loan. Over the course of the next fiscal year the City of Ionia has pledged to rework the amortization schedule for this loan and begin covering both annual principal and interest costs.

Requests for Information

This financial report is designed to provide a general overview of the System's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Ionia Finance Director 616-527-4170.

IONIA AREA SEWAGE DISPOSAL SYSTEM

STATEMENTS OF NET ASSETS

JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash and cash equivalents	\$ 463,737	\$ 233,475
Accounts receivable	25,857	2,290
Due from other governmental units	6,770	45,875
Prepaid items	722	-
Inventory	5,889	4,650
Noncurrent assets		
Cash and cash equivalents - restricted	115,631	131,313
Due from other governmental units - long term	764,976	742,382
Deposit with Ionia County	-	58,956
Capital assets		
Land	17,705	23,557
Depreciable capital assets, net	<u>10,278,104</u>	<u>10,559,563</u>
Total assets	<u>11,679,391</u>	<u>11,802,061</u>
Liabilities and net assets		
Liabilities		
Accounts payable	47,521	21,601
Accrued expenses	49,382	49,391
Due to other governmental units	101,190	17,489
Deferred revenue	115,631	126,999
Current portion of accrued compensated absences	19,876	20,348
Noncurrent liabilities		
Due within one year	438,250	430,750
Due in more than one year	2,447,000	2,885,250
Accrued compensated absences	<u>59,626</u>	<u>61,043</u>
Total liabilities	<u>3,278,476</u>	<u>3,612,871</u>
Net assets		
Investment in capital assets net of related debt	7,410,559	7,267,120
Restricted for capital projects	-	58,956
Unrestricted	<u>990,356</u>	<u>863,114</u>
Total net assets	<u>\$ 8,400,915</u>	<u>\$ 8,189,190</u>

The accompanying notes are an integral part of these financial statements.

IONIA AREA SEWAGE DISPOSAL SYSTEM

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenue		
Sales and charges for services	\$ 1,181,706	\$ 1,168,588
Miscellaneous	<u>51,347</u>	<u>19,078</u>
Total operating revenue	<u>1,233,053</u>	<u>1,187,666</u>
Operating expenses		
Administrative	349,798	397,598
Treatment plant	724,610	609,031
Lift station	23,344	30,147
Depreciation	<u>358,336</u>	<u>358,736</u>
Total operating expenses	<u>1,456,088</u>	<u>1,395,512</u>
Operating income	<u>(223,035)</u>	<u>(207,846)</u>
Nonoperating revenue (expense)		
Interest income	49,986	53,554
Contributions from local units	542,733	425,794
Contributions to local units	(59,611)	(62,275)
Interest expense	<u>(98,348)</u>	<u>(101,138)</u>
Total nonoperating revenue (expense)	<u>434,760</u>	<u>315,935</u>
Change in net assets	211,725	108,089
Net assets, beginning of year, as restated	<u>8,189,190</u>	<u>8,081,101</u>
Net assets, end of year	<u>\$ 8,400,915</u>	<u>\$ 8,189,190</u>

The accompanying notes are an integral part of these financial statements.

IONIA AREA SEWAGE DISPOSAL SYSTEM

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Receipts from customers and users	\$ 1,273,585	\$ 1,137,951
Payments to employees	(635,382)	(506,685)
Payments to suppliers	(353,424)	(325,637)
Net cash provided by (used in) operating activities	<u>284,779</u>	<u>305,629</u>
Cash flows from noncapital financing activities		
Contributions from local units	542,733	425,794
Contributions to local units	(59,611)	-
Net cash provided by (used in) noncapital financing activities	<u>483,122</u>	<u>425,794</u>
Cash flows from capital and related financing activities		
Interest paid	(101,532)	(163,413)
Principal payments on long-term debt	(430,750)	(395,500)
Acquisitions of capital assets	(71,025)	(277,437)
Net cash provided by (used in) capital and related financing activities	<u>(603,307)</u>	<u>(836,350)</u>
Cash flows from investing activities		
Interest income	49,986	53,554
Net cash provided by (used in) investing activities	<u>49,986</u>	<u>53,554</u>
Net increase (decrease) in cash and cash equivalents	214,580	(51,373)
Cash and cash equivalents, beginning of year	364,788	416,161
Cash and cash equivalents, end of year	<u>\$ 579,368</u>	<u>\$ 364,788</u>
Reconciliation of operating income to cash flows from operating activities		
Operating income	\$ (223,035)	\$ (207,846)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Depreciation	358,336	358,736
Changes in operating assets and liabilities which provided (used) cash		
Accounts receivable	(23,567)	3,839
Due from other governments	75,467	(40,953)
Prepaid expenses	(722)	-
Inventory	(1,239)	975
Accounts payable	25,920	(13,622)
Accrued expenses	3,175	(4,332)
Due to other governments	83,701	210,205
Deferred revenue	(11,368)	(12,601)
Accrued compensated absences	(1,889)	11,228
Net cash provided by (used in) operating activities	<u>\$ 284,779</u>	<u>\$ 305,629</u>

The accompanying notes are an integral part of these financial statements.

IONIA AREA SEWAGE DISPOSAL SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Ionia Area Sewage Disposal System (the System) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity The Ionia Area Sewage Disposal System is a joint venture created by contractual agreement between the City of Ionia and Ionia, Berlin, Easton, and Orange Townships. The System was established to construct and maintain sewer system infrastructure utilized by participating municipalities. The City of Ionia operates, administers, and maintains the Sewage Disposal System on behalf of the City and Townships.

Participating municipalities fund operating and debt service costs based on their common and exclusive sewer system usage.

Funding of operating costs and the capital asset reserve as based on annual participant usage is as follows:

City of Ionia	88.71%
Ionia Township	7.58%
Berlin Township	3.71%

Funding of debt service as based on annual participant usage is as follows:

City of Ionia	88.71%
Ionia Township	4.49%
Berlin Township	3.54%
Easton Township	3.26%

Measurement Focus and Basis of Accounting

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are contractual payments from members of the joint venture. Operating expenses of the authority include the cost of treatment operations, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

IONIA AREA SEWAGE DISPOSAL SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Authority also has the option of following subsequent private-sector guidance subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resource as they are needed.

Cash and Cash Equivalents

Cash and cash equivalents consist of the System's portion of the City of Ionia's pooled accounts. The pooled accounts consist of checking and savings accounts, certificates of deposit and investment funds with Michigan financial institutions.

Michigan law authorizes the System to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government, and which maintains a principal office or branch office located in this State under the laws of the State of the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21. 146 of Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at lease one standard rating service.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Due From Other Governmental Units

The balance due from other governmental units includes \$764,976 due from the City of Ionia Local Development Finance Authority (LDFA) for the construction of the Orchard View Industrial Park. The LDFA is a component unit of the City of Ionia. Since borrowing the funds, the LDFA has only captured amounts sufficient amounts of property taxes to pay a portion of the interest on the loan. The remaining amounts represent balances due from joint venture participants for debt service and operating costs. These balances are reported net of estimated uncollectible balances (estimated uncollectible balances were zero at year end).

IONIA AREA SEWAGE DISPOSAL SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

Inventory

All inventories are valued at original cost using the first-in/first-out (FIFO) method. Inventory represents parts, materials, and supplies utilized in the System's operations.

Deferred Revenue

The System reports deferred revenue when revenue has been received but not yet earned. Deferred revenue represents amounts paid in advance by one of the participants for its portion of future debt service requirements and is recognized when the related debt service payment is due.

Restricted Cash and Cash Equivalents

Restricted balances represent amounts received in advance by one of the participants for its portion of future debt service requirements.

Capital Assets

Capital assets, which include land, property, and equipment, are reported in the governmental activities column in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on capital assets, is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Sewer plant and improvements	50
Machinery and equipment	3-5

Compensated Absences

Substantially all System employees are granted vacation and sick leave, which accumulates subject to employee maximums. Accumulated vacation and sick time is payable upon termination or retirement and is recorded as a liability on the financial statements.

Net assets

Restricted net assets represent those portions of net assets not appropriable for expenditure or legally segregated for a specific future use.

IONIA AREA SEWAGE DISPOSAL SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

2. CASH AND CASH EQUIVALENTS

The captions on the financial statements relating to cash and cash equivalents are as follows:

Cash and cash equivalents	\$463,737
Cash and cash equivalents - restricted	<u>115,631</u>
Cash and cash equivalents	<u>\$579,368</u>

The above cash and cash equivalents are held by the City of Ionia at year end. The amount of investment and deposit risks can be determined for the City of Ionia as a whole, but cannot be separately identified for the Ionia Area Sewage Disposal System.

These deposits are recorded in System records at fair value.

3. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets, not being depreciated				
Land and right-of-way	\$ 17,705	\$ -	\$ -	\$ 17,705
Construction in Progress	5,852	-	(5,852)	-
Total capital assets, not being depreciated	<u>23,557</u>	<u>-</u>	<u>(5,852)</u>	<u>17,705</u>
Capital assets, being depreciated				
Sewer plant and improvements	16,460,422	35,280	-	16,495,702
Machinery and equipment	242,624	41,597	-	284,221
Total capital assets being depreciated	<u>16,703,046</u>	<u>76,877</u>	<u>-</u>	<u>16,779,923</u>
Less accumulated depreciation for				
Sewer plant and improvements	5,988,517	326,938	-	6,315,455
Machinery and equipment	154,966	31,398	-	186,364
Total accumulated depreciation	<u>6,143,483</u>	<u>358,336</u>	<u>-</u>	<u>6,491,819</u>
Net capital assets, being depreciated	<u>10,559,563</u>	<u>(281,459)</u>	<u>-</u>	<u>10,278,104</u>
Capital assets, net	<u>\$10,583,120</u>	<u>\$(281,459)</u>	<u>\$(5,852)</u>	<u>\$10,295,809</u>

IONIA AREA SEWAGE DISPOSAL SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

4. LONG-TERM DEBT

The following is a summary of long-term debt activity and balances of the System for the year ended June 30, 2008:

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>	<u>Due Within One Year</u>
1990 Limited Tax General Obligation Bonds due in annual installments from \$385,000 to \$415,000 through October 1, 2010; interest at 2%.	\$1,620,000	\$ -	\$395,000	\$1,225,000	\$400,000
2001 Water and Sewer Improvement Bonds due in annual installments from \$150,000 to \$300,000 through August 1, 2020; interest at 4% to 5%.	336,000	-	15,750	320,250	15,750
2004 Limited Tax General Obligation Bonds due in annual installments from \$75,000 to \$300,000 through August 1, 2029; interest at 3% to 4.6%.	840,000	-	15,000	825,000	15,000
2005 Limited Tax General Obligation Bonds due in annual installments from \$25,000 to \$27,500 through August 1, 2029; interest at 3.5% to 4.5%.	370,000	-	2,500	367,500	5,000
2006 Water and Sewer Improvement Bonds due in annual installments from \$25,000 to \$100,000 through August 1, 2029; interest at 4.6% to 6%	150,000	-	2,500	147,500	2,500
Total	\$3,316,000	\$ -	\$430,750	\$2,885,250	\$438,250

IONIA AREA SEWAGE DISPOSAL SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

Following is a summary of future principal maturities and interest requirements:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 438,750	\$ 91,972
2010	450,750	82,423
2011	463,500	72,493
2012	48,500	66,452
2013	58,625	64,293
2014-2018	353,625	278,152
2019-2023	424,500	190,134
2024-2028	452,000	97,263
2029-2030	195,000	8,909
Total	\$2,885,250	\$952,091

Compensated Absences

Individual employees have vested rights upon termination of employment to receive payments for unused vacation. The dollar amounts of these vested rights have been recorded in the statement of net assets. They amount to \$79,502 at June 30, 2008.

5. RISK MANAGEMENT

The System is incorporated into the City of Ionia's insurance coverage and as a result is protected from losses. The City participates in a pool, the Michigan Municipal Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The System has not been informed of any special assessments being required.

The System also participates in a State pool, the Michigan Municipal Liability and Property Pool, with other municipalities for property, liability, bonding, and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. In the event the pool's claims and expenses for a policy year exceed the normal annual premiums for said years, all members of the specific pool's policy year may be subject to specific assessment to make up the deficiency. The System has not been informed of any special assessments being required.

6. RESTATEMENT OF PRIOR YEAR

Beginning net assets were reduced by \$41,423 to recognize a liability for accrued interest payable.

IONIA AREA SEWAGE DISPOSAL SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

7. RELATED PARTY TRANSACTIONS

During 1996, the City of Ionia began to directly bill Ionia Township SDS customers. As a result, the City's allocation of costs includes the portion of costs that had been charged to Ionia Township previously. On December 1, 2001, the City began to bill Easton Township SDS customers for operating costs and fixed asset reserves. As a result, the City's allocation of costs includes a portion of costs that would have been charged to Easton Township in the past. Easton Township continues to make contributions to the SDS to fund their portion of the debt service requirements.

Charges for services and contributions from local units are attributable to related parties as follows:

	<u>Charges</u>	<u>Debt Service Contributions</u>
City of Ionia	\$1,045,443	\$501,822
Berlin Township	43,470	21,580
Easton Township	-	19,331
Total	<u>\$1,088,913</u>	<u>\$542,733</u>

The System pays the City of Ionia for administrative services which totaled \$104,426 for the year ended June 30, 2008. The System also participates in debt service payments with the City of Ionia for the Skyview/Gregmark project in the amount of \$59,611 for the year ended June 30, 2008.